

1 that she would say, that's not what this government is  
2 supposed to be about. We've got a number of problems,  
3 and, of course, as far as the people knowing what's  
4 going on, and I think there are two things that are  
5 going on at this very moment that shows the importance  
6 of minority ownership, if it were not for the *Black*  
7 *Press*, Commissioners, the situation with Jena would  
8 never have been even discovered. It never would have  
9 been discovered.

10 (Applause.)

11 MR. KELLEY: Not only that, but  
12 pathetically some of the things we hear about Jena  
13 today from the mainline press are out and out lies.  
14 You would only think that six Black young men beat up  
15 a White gentleman, and that's the reason he's in  
16 prison. That's is not the case at all. There's all  
17 of this build up that you don't hear. So that's why  
18 it's so important to have minority owned press. It's  
19 the only way we'll get out the information.

20 Now, you know, maybe I'm being naive, and  
21 when I read this, and this is attributed to the CEO of  
22 a very important conglomerate, "We're not in the  
23 business of providing news and information. We're not  
24 in the business of providing well researched music.  
25 We're simply in the business of selling our customers

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 products." If we're talking about the public  
2 interest, I think it's a lot more than selling the  
3 customers products.

4 (Applause.)

5 MR. KELLEY: And that's what we have. We  
6 need to go back -- there's a number of things --  
7 suggestions, but I can't believe that I would say  
8 anything that you haven't already heard, because I  
9 know that you had a minority group, a study group to  
10 put forth 40 I believe recommendations. None have  
11 been acted on. I would ask and beg that you please do  
12 that. Thank you very much.

13 MODERATOR SIGALOS: Thank you, Mr. Kelley.

14 (Applause.)

15 MODERATOR SIGALOS: Mr. Lavine.

16 MR. LAVINE: Mr. Chairman and  
17 Commissioners, I'm John Lavine, the Dean of the Medill  
18 School of Journalism, but tonight I speak really only  
19 for myself.

20 First, as a journalist and now as a  
21 professor of media strategy in journalism, I have two  
22 overriding passions, to foster penetrating, watchdog,  
23 trustable journalism that enhances the public  
24 knowledge and the lives of citizens, and to help  
25 educate the next generation of journalists and other

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 who will pursue that.

2 My comments are focused on those goals,  
3 which I hope you share, and solely on the newspaper  
4 cross-ownership ban. It may be popular to say the ban  
5 is in the public interest. But the facts don't  
6 support that position. My conclusion is not just  
7 academic.

8 In 1974, I bought a small daily newspaper  
9 in Northern Wisconsin that owned the radio station. I  
10 turned down the opportunity, just before the ban, to  
11 buy the station, because I thought it wasn't right to  
12 have one person own both outlets in town. But that  
13 was then, and this is now. And the world of the  
14 digital media have changed things dramatically.

15 Let me suggest that there are four  
16 standards that you might use in considering this ban,  
17 and whether you roll it back or not. One is to  
18 increase media competition; the next, to remove the  
19 band to enhance minority and news organizations'  
20 ownership and voices; the third is, even though it  
21 seems contradictory, and I'll come to that in a  
22 moment, protecting the public interest requires that  
23 you ensure that large quality news organizations  
24 endure; and the fourth is to increase the growth of  
25 new and enormously interesting diverse citizen media.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1           Let me take each of those in turn. The  
2 question about whether there was competition in  
3 Chicago in '75 and now is easy. I'll turn in an  
4 appendix which shows you that it is growing  
5 dramatically here and everywhere else in the country.

6           Removing the ban to increase minority  
7 voices is more straightforward, and I think more  
8 important. Because of the ban, any non-news outlet  
9 can own a station, but newspapers, like those here in  
10 Chicago, the *Defender*, *Periodico La Raza*, the *Lawndale*  
11 *News*, none of the minority press could own a station  
12 under that ban. In the public interest, you should  
13 let them compete. They're struggling, and they need  
14 to be able to serve their audiences, when, where, and  
15 how people that they are writing for and broadcasting  
16 for want it. The same is true for the other 23  
17 newspapers in this area, let alone the two big ones.

18           And there's a corollary. You have  
19 information before you, from your own studies, which  
20 show that news on TV stations owned by newspapers is  
21 better than news on TV stations from other kinds of  
22 organizations. There's no magic in this. These are  
23 news organizations, their prime reason is news.

24           Third, it seems contradictory to say that  
25 we should protect the public interest and require, and

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 you help, large organizations to endure. But this is  
2 the age of digital media, and we have 300 million  
3 people in this country. And if you really care about  
4 the public interest, and if you really care about  
5 quality journalism, then you have to face when the  
6 next 9/11, or Katrina, or Amber Alert happens.

7 We all need big media outlets that are  
8 going to be able to cover those. No blogger can  
9 possibly do it alone. Big is not always bad. When it  
10 comes to news and matters of large scale or  
11 complexity, big quality is essential.

12 But, there's another reason for the kind of  
13 media I'm talking about. And the other reason is, I  
14 desperately want to see, I hope you do, diverse  
15 citizen media grow. Larger traditional news  
16 organizations provide the fuel that many citizen media  
17 need to thrive. The *Chicago Tribune*, WGN Radio and  
18 Television, *Hoy*, *RedEye*, are one set in this market.

19 They're the radar screen that citizen media  
20 must have 24/7 to understand what's happening. Then  
21 they can use that information to find their own  
22 analysis, to do their own stories, to start their own  
23 alternative way to go. This may not be a popular  
24 position, but it is the real world position in the  
25 digital age.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 With that information, let me summarize by  
2 saying, I urge you to recognize the myths, some of I  
3 just enumerated, embrace the facts, and repeal the  
4 cross-ownership ban that stops a newspaper from owning  
5 a radio station, including the minority press here in  
6 Chicago.

7 I also believe that if you do this you will  
8 go a long way toward ensuring the viability and  
9 public service of the stations that you regulate.  
10 Thank you very much.

11 MODERATOR SIGALOS: Thank you, Mr. Lavine.

12 (Applause.)

13 MODERATOR SIGALOS: Ms. McCullough.

14 MS. McCULLOUGH: Thank you. My name is  
15 Joyce McCullough, and I'm General Manager of radio  
16 stations WLPO, WAJK, WKOT, and Publisher of the *News*  
17 *Tribune* in LaSalle, Illinois.

18 There are 15 radio stations licensed to our  
19 market. They are operated by five licensees. One of  
20 our competitors owns a group of seven stations  
21 representing 47 percent of the stations in our market.

22 There are an additional two other newspapers in our  
23 market.

24 Our owner has owned WLPO and WAJK since the  
25 1940s, and WKOT since '99. He has owned the newspaper

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 that serves our community and surrounding communities  
2 since the 1940s. I've lived in the area for most of  
3 my life, attended grade school, high school, and  
4 community college in the area, and I've been  
5 associated with the newspaper since the late 1960s,  
6 been Publisher since -- of the newspaper since '02 and  
7 General Manager of the radio stations since 2003.

8 A couple of local projects the newspaper  
9 and radio stations are currently involved in include  
10 working with our local March of Dimes to do a chef's  
11 auction. At the request of the March of Dimes we  
12 partnered with them to begin this fundraising effort  
13 six years ago. In our small community, in 2001, the  
14 auction brought in about \$17,500. Last year we  
15 together raised over \$96,000.

16 We also work with our local United Way on a  
17 Santa's Helper toy fund drive. We stepped up when a  
18 group who stepped down after working with our United  
19 Way for almost 20 years could no longer be involved we  
20 came forward. Our radio and newspaper staffs are  
21 involved in both of these projects. Local families  
22 benefit from the results.

23 WLPO-AM, our news talk station, runs more  
24 than 70 per week of local programming, much dealing  
25 with local issues through news and talk. We do at

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 least one local newscast per hour each weekday from  
2 6:00 a to 6:00 p with frequent updates during morning  
3 and afternoon drive, and over the noon hour.

4 WLPO provides a minimum of 20 local news updates  
5 each weekday. We also provide local news coverage on  
6 the weekend with a minimum of 10 local newscasts each  
7 Saturday and Sunday.

8 Our two FM stations offer 45 to 60 plus  
9 hours of local programming each week, much more  
10 entertainment focus, but with a local flavor and  
11 programming. Even in hours when we're not locally  
12 programmed, we have the capability to, and frequently  
13 do, interrupt programming on any and all stations to  
14 provide crucial information to our listeners regarding  
15 weather, traffic issues, or if there, and there has  
16 been, a local school bomb scare.

17 WAJK, the FM, provides 14 local information  
18 updates each weekday, and at least 10 every Saturday  
19 and Sunday. WKOT informs listeners with a minimum of  
20 10 local news reports each day. Sports coverage for  
21 local teams is broadcast on all three stations and on  
22 all our websites. It's not unusual for our small  
23 group of stations to have six to eight sports  
24 reporters out broadcasting every game in our local  
25 area on a Friday night.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)



1           The loosening of ownership restrictions  
2 allowed LaSalle County Broadcasting to add a third  
3 station in 1999, which has increased our coverage  
4 area. In turn, we have added personnel to our news  
5 and on air staffs. The new added benefit is that we  
6 are also able to share information with listeners in  
7 our other stations as well.

8           Last fall's Ottawa mayoral forum is a  
9 perfect example. Because we had acquired WKOT, we  
10 were able to present the forum. Prior to the event,  
11 we promoted it in the newspaper and on our stations,  
12 reaching more listeners. The forums were offered at  
13 not charge to the candidates, the newspaper and radio  
14 station reporters together compiled the questions with  
15 input from area residents. Newspaper reporters  
16 covered the forum in the next day's paper.

17           Could the radio stations have offered this  
18 type of programming without the newspaper's  
19 involvement? Yes. Would it have been as  
20 comprehensive and available to the public? I don't  
21 think so.

22           All radio stations used the event for news  
23 and talk afterwards. Since WLPO is the heritage news  
24 and information station in our area, we used our  
25 combined resources to provide WKOT listeners

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 considerably more in depth local news than they were  
2 able to get before.

3 In summary, I'm here testifying that  
4 residents in our community benefit from the same  
5 ownership for three radio stations and the local  
6 newspaper. In today's media environment, area folks  
7 have many choices of the newspaper, website, or free  
8 publication, in which one to read, and which radio  
9 station or TV station to tune to.

10 At our stations and newspaper, we listen to  
11 what people in our community say, and we respond. We  
12 do so because the future of our community is important  
13 to us. We live and work there. It's our home.

14 We are also well aware that we must stay  
15 competitive if we want to stay in business. I ask you  
16 to consider looking at media cross-ownership on a case  
17 by case basis.

18 MODERATOR SIGALOS: Thank you. Thank you,  
19 Ms. McCullough.

20 (Applause.)

21 MODERATOR SIGALOS: Mr. Siegel.

22 MR. SIEGEL: Thank you all, and I'd love to  
23 welcome you to our wonderful and diverse city of  
24 Chicago. Thank you for coming.

25 (Applause.)

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 MR. SIEGEL: When I was a kid, my dad told  
2 me that all the houses in Russia were painted blue.  
3 And I could see the joy in my dad's eyes when he said,  
4 here in America, our houses look different, they're  
5 built different, and they're painted all different  
6 colors. And he said, this is freedom.

7 Let me ask you, does -- when you listen to  
8 the radio, doesn't it sound like music is starting to  
9 sound the same? And that newscasting is starting to  
10 sound the same? And that the formats are starting to  
11 sound the same? And that the voices, the voices are  
12 starting to sound the same.

13 (Applause.)

14 MR. SIEGEL: Does this sound a little bit  
15 like the way my dad described the suppressive  
16 Communist Russia? Something's wrong here. Okay. We  
17 know that. When I was a kid in the '50s  
18 and early '60s, I would turn on the radio, and within  
19 one hour of listening, I would hear gospel, jazz, R&B,  
20 Dixieland, country music, rock and roll, and  
21 classical.

22 When one group of people, one cultural  
23 group is listening to and enjoying the art, or the  
24 music of another cultural group, this really breeds  
25 respect and love. Not just for the music, not just

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 for the artist, but for all those people that love  
2 that other form of music, or culture. In this way, if  
3 we allow it, music brings people together in sharing  
4 relationships, of love and respect. And it makes the  
5 world a better place for all of us to live in.

6 When we are faced with a decision as a  
7 family, we notice that following the money might lead  
8 us away from something even more important, and it's  
9 likely in a situation like this we will fearless turn  
10 away from money this time and do what's best for our  
11 family.

12 (Applause.)

13 MR. SIEGEL: The corporate, what I call the  
14 collective and competing corporate mind makes  
15 decisions. It has the bottom line hanging heavily  
16 over its head. Its looking for something that has  
17 already proved to be a money maker. Market research  
18 cannot tell us something that is not known. It can  
19 only take what is known and narrow down on it. This  
20 is why, as we let the corporate mind take over for us,  
21 things become the same. This is not about big, this  
22 is about the same.

23 Interesting thing, individuality, if you  
24 think about it, is an expression that comes from the  
25 natural way our own minds and hearts and bodies are

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 ordered. And when we flow with this, it connects us  
2 in a very effective and deep way to any activity we  
3 apply it to. And then that activity becomes a  
4 profound offering. Why would we want to do anything  
5 in this world that is not coming from this beautiful  
6 place?

7 The corporate mind says, Well, we're just  
8 giving people what we want. Yes, they might be  
9 following trends, which is mostly just chasing their  
10 own tail. But what they are not doing is giving  
11 people what their heart craves, what uplifts them.  
12 They are not giving the profound offering of  
13 individuality and diversity.

14 The irony here is that when commercial  
15 media cuts off individuality and diversity at the  
16 knees, which it will do if allowed, it is separating  
17 out and excluding a deeper connection to larger groups  
18 of people. So for the long haul, the corporate mind  
19 doesn't even make good decisions in its own best  
20 interest.

21 We need to make a right decision now for  
22 this great family. And it's the time to follow, in  
23 the best interest of love, diversity, creativity,  
24 invention, individuality, and freedom. But if  
25 commerce is allowed to make this momentous decision

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 for the people, we can surely know where this will end  
2 up. We are not yet in the Russia my father described.

3 We are in America. Stop the corporate mind from  
4 painting all our houses blue. Let the --

5 (Applause.)

6 MR. SIEGEL: Let the clear and joyful  
7 expression of freedom ring over our public airwaves.

8 MODERATOR SIGALOS: Thank you, Mr. Siegel.

9 MR. SIEGEL: Thank you so much.

10 (Applause.)

11 MODERATOR SIGALOS: Mr. Speta.

12 MR. SPETA: Thank you. And thank you to  
13 the Commission for the opportunity to speak today.  
14 I'm a professor at the Northwestern University School  
15 of Law where my research interest is in how market  
16 structure and market structure regulation affects  
17 competition and other communication policy goals. I  
18 should say that I'm blessed to have students who teach  
19 me at least as much as I teach them.

20 The question of media concentration policy,  
21 it seems to me, shares much in common with the other  
22 big communications policy debates of the day.  
23 Broadband competition, network neutrality, and the  
24 digital divide. Each of these debates is about  
25 whether all Americans receive certain basic services,

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 and whether market mechanisms, backed up by anti-trust  
2 or similarly limited supervision, can provide those  
3 basic services.

4 I should say that, as an academic, I take a  
5 somewhat different view of the tag line we've heard so  
6 much already today, that the airwaves are public  
7 property. For the extent to which we propertize the  
8 spectrum and rely on market mechanisms depends on  
9 whether that's a wise policy choice, all things  
10 considered.

11 Our general assumption in the United States  
12 is that market mechanisms in private property will  
13 serve the public interest. And I believe that we can  
14 largely trust market mechanisms to satisfy media  
15 goals.

16 I recognize that U.S. communications policy  
17 has long diverged from market mechanisms, either to  
18 solve the problem of historically concentrated  
19 markets, or to pursue other non-economical, such as  
20 localism, diversity, and quality of program.

21 But today, or soon, three inter-related  
22 developments are making it possible to rely on market  
23 mechanisms in media markets, and to continue to  
24 diminish ex-anti-structural regulations. First, it is  
25 well known that technological advances provide and

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 direct competitors to the traditional broadcast  
2 television product. Even if there's something  
3 uniquely important about mass market video, broadcast  
4 is not the only mass media market product.

5 All U.S. households have a choice of at  
6 least one cable television company, and two broadcast  
7 satellite companies, and more than 86 percent of all  
8 U.S. households subscribe to these services. And more  
9 than 500 networks provide programming over cable and  
10 direct broadcast satellite.

11 Second, broadband penetration is  
12 increasing, and video is taking an increasingly  
13 important place in broadband markets. Traditional  
14 news media, of course, are introducing video onto the  
15 internet, but other providers are there as well. You  
16 Tube is reportedly serving 20 million views  
17 representing 1.9 billion minutes of viewing a month.

18 And it's not just lip sync videos. It can  
19 be issues of public concern. If you enter network  
20 neutrality on You Tube, for example, it brings up 64  
21 videos, including videos by advocacy groups and  
22 politicians. Five of these videos have more than  
23 300,000 views. You Tube and similar services can also  
24 be the point of entry for new entertainment, such as  
25 the Lonely Girl 15 phenomenon proved.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)



1 Third, in the broadband era, the ways in  
2 which individuals receive, and even more importantly,  
3 the ways in which they can seek out and even create  
4 information and entertainment are radically changing.

5 For example, Cable News Network, CNN, and FOX  
6 consistently rate among consumers' top two news  
7 sources more consistently than consumers picked  
8 network news, and even local TV trailed CNN.

9 Similarly, Pew internet studies recently,  
10 in 2006, found that 43 percent of all broadband  
11 customers received news from an internet news site on  
12 a daily basis. Among younger and more active internet  
13 users, it was 71 percent. And using the internet for  
14 news significantly exceeded their viewing of local or  
15 national television news.

16 I believe that with daily e-mailed alerts,  
17 RSS feeds, and other internet push and pull news  
18 services proliferating, the sources of information  
19 will continue to proliferate.

20 A related phenomenon, what some have dubbed  
21 Web 2.0, is media creation by individual citizens.  
22 And here the barriers to entry are extremely low and  
23 falling. Websites are easy and cheap to build,  
24 blogging is free, mass mailing to members is an  
25 effective form of organizing. I do not think it is

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 unfair to speculate that the Internet was important to  
2 bringing a substantial portion of our audience here  
3 today.

4 Even local interests are served. In Cook  
5 County there are 138 municipalities, and every single  
6 one of them, save 13, has a presence on the web.  
7 Local newspapers are increasingly present on the web  
8 as well.

9 What does this mean for the Commission's  
10 action on media concentration? Obviously, I believe  
11 to continue to diminish ex-anti-limitations, to review  
12 broadcast license transfers on a case by case basis,  
13 and to continue to expand --

14 MODERATOR SIGALOS: Thank you.

15 MR. SPETA: -- light regulation of the  
16 Internet to other information markets.

17 MODERATOR SIGALOS: Thank you, Mr. Speta.

18 (Applause.)

19 MODERATOR SIGALOS: Mr. Verrone.

20 MR. VERRONE: Chairman Martin,  
21 Commissioners, fellow panelists, members of the  
22 audience, my name is Patric Verrone. I'm President of  
23 the Writers Guild of America West. I bring you  
24 greetings from Hollywood, where the sun always shines  
25 and the celebrities are always not guilty.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1           On behalf of 7500 television, film, and new  
2 media writers, thank you for holding this hearing and  
3 allowing public comment on the topic of media  
4 consolidation. This is an auspicious time for all of  
5 us, not only because the Cubs are in first place.

6           (Scattered laughter.)

7           MR. VERRONE: White Sox fans. As you know,  
8 this is my second appearance before you, and I want to  
9 avoid the accusation of just producing another late  
10 summer rerun.

11          So I will resist my instinct to restate the  
12 fact that due to the unparalleled vertical  
13 consolidation of TV broadcast networks, movie studios  
14 and cable television stations, the number of distinct  
15 voices in mainstream TV programming has dwindled to a  
16 handful.

17          I will also resist repeating that 20 years  
18 ago there were 29 dominant entertainment firms sharing  
19 \$100 billion in annual revenue, and today there are  
20 six conglomerates sharing 400 billion.

21          And I will resist suggesting, once again,  
22 our remedy to this concentration ownership, namely a  
23 requirement, the 25 percent of non-news and non-  
24 reality programming come from independent sources not  
25 owned by the four broadcasting networks.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 I will resist all of that. Instead, I  
2 would like to elaborate on an issue Chairman Martin  
3 mentioned in his opening remarks. A growing  
4 advertising practice that severely affects both our  
5 work as writers and our audience's viewership, it's  
6 called product integration, embedded advertising  
7 branded entertainment.

8 We appreciate Chairman Martin's offer for  
9 rule making comments, and the other Commissioners'  
10 support of this issue. We also thank Chairman Ed  
11 Markey of the House for holding Congressional hearing  
12 on this topic.

13 Understand that I am not talking about  
14 product placement, the practice which a bottle of  
15 water, of a recognizable brand, Pure American, a fine  
16 brand, merely sits on the table as a prop. Product  
17 integration requires that the wacky next door neighbor  
18 announces this week he's a bottled water salesman, and  
19 talk about the crisp refreshing taste of that  
20 recognizable brand of water.

21 The idea of branded entertainment is to  
22 integrate the commercials into the story line and  
23 characters and jokes so as to create stealth  
24 advertising, fooling the viewer into thinking they are  
25 not watching an ad. Most Americans may not appreciate

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 or realize how prevalent it has become, but Nielsen  
2 media research tells us the product integrations in  
3 the 2006 season occurred more than 4,000 times in  
4 network prime time television, and the number is  
5 expected to grow.

6 On NBC's *The Office*, characters spend  
7 entire episodes working at Staples. On CBS's *CSI*,  
8 characters promote the features of General Motors  
9 Denali and its crime solving abilities. Oreo cookies  
10 are a major part of a plot in two episodes of the CW  
11 family drama, *7th Heaven*. On *Smallville*, contact lens  
12 prompted one caped crime fighter to say, AccuView to  
13 the rescue, proving that even Superman is immune to  
14 neither kryptonite nor product integrations.

15 NBC has gone so far as to hire a high  
16 ranking executive in charge of strategic marketing and  
17 content innovation. Content innovation, by the way,  
18 is something I thought writers did.

19 We understand the reason, TiVos and the  
20 ability of viewers to fast forward through  
21 commercials, but there is a problem without regulation  
22 and oversight, and it can be summarized in one word,  
23 integrity. When writers are told we must incorporate  
24 a commercial into a story line, we become advertisers,  
25 we lose our integrity. Actors, when they're subjected

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 to forced endorsement, when their characters shill the  
2 products, they lose their integrity.

3 Viewers are required to watch commercials  
4 without realizing they are commercials. In our  
5 experience, the American viewing public wants and  
6 deserves to be told when they are being sold.

7 To protect viewers and consumers, and this  
8 is where the Commissioners come in, we support  
9 disclosure. Disclosure that reveals the product  
10 integrated, is legible, and is held on the screen long  
11 enough to be read. We ask the FCC to require a crawl  
12 identifying the product, its promoter, and the fact  
13 that the writers and actors do not personally endorse  
14 its use.

15 To conclude, I want to repeat a line from  
16 my earlier testimony relevant to these proceedings.  
17 Homogenization is good for milk but bad for ideas. I  
18 hope you appreciate --

19 (Applause.)

20 MR. VERRONE: -- that at the time that I  
21 said that, I did not mention a brand of milk.  
22 However, in keeping with the times, may I recommend  
23 the creamy goodness, and wholesome freshness --

24 (Applause.)

25 MR. VERRONE: -- of the milk of creative

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1 integrity. Or else it's going to end up on the side  
2 of the carton, missing, and asking, Have you seen me?

3 Thank you for your attention.

4 MODERATOR SIGALOS: Thank you, Mr. Verrone.

5 (Applause and cheering.)

6 MODERATOR SIGALOS: Ms. Woelk.

7 MS. WOELK: Hi. Can you hear me? I am --  
8 this is -- my name is Ann Woelk, and I am the Director  
9 of Broadcast for AFTRA Chicago, that's the American  
10 Federation of Television and Radio Artists. And I've  
11 been in this position for the past six years. And I  
12 wanted to say hello as well. Thanks for this  
13 opportunity.

14 AFTRA represents broadcasters at all five  
15 owned and operated televisions stations WBBM, WMAQ,  
16 WLS, WFLD, WGN, as well as 12 radio stations.  
17 Additionally, we represent the local PPB outlet, WTTW.

18 Since beginning my position, the main  
19 employer theme in all contract negotiations is changes  
20 to workplace practices that include the reuse of  
21 material and synergy with other media outlets, both  
22 inside and outside the station's corporate ownership  
23 umbrella. Perhaps the most glaring example of this  
24 phenomenon of reuse and repackaging is seen in the  
25 consolidation of NBC's takeover of Telemundo.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)

1           In late 2002, as NBC transitioned WSNS,  
2       which is the Chicago Telemundo outlet, to its  
3       corporate umbrella, AFTRA was organizing WSNS  
4       broadcasters for collective bargaining. At the time,  
5       all the WSNS staff were hopeful about what the  
6       consolidation would mean, more resources, better  
7       equipment, and increased opportunities to do more and  
8       grow in new ways. In fact, NBC merged WSNS studios  
9       into the existing studios of WMAQ. It felt like one  
10      big family.

11           Considering that the Latino population is  
12      the fastest growing minority in the country, as well  
13      as in Chicago, and that metro Chicago is comprised of  
14      17 percent Latino households, of which 13 percent use  
15      Spanish as their primary language, it is reasonable  
16      for all of us, and it was reasonable at the time, for  
17      all of us to anticipate a growth of services to the  
18      Spanish language market, once the resources of NBC  
19      landed on the scene.

20           Nothing could be farther from the truth.  
21      Resources and information are not shared equally  
22      between NBC and WSNS. Telemundo employees have to do  
23      interviews in both Spanish and English so that their  
24      stories can be repackaged and used by their English  
25      language counterparts at WMAQ and NBC network.

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)



1                   And NBC did not extend the benefits of the  
2                   WMAQ contract to Telemundo employees. And after five  
3                   years of bargaining, we have yet to achieve a  
4                   contract. And WNSN broadcasters are still not  
5                   employed on terms comparable with their English  
6                   language counterparts.

7                   Telemundo photographers also have to shoot  
8                   for NBC, leaving WSNS broadcasters without sufficient  
9                   crews for their stories. That really hurts their  
10                  mission to serve the Spanish language community. On  
11                  many occasions, events in the Latino community were  
12                  not covered because of insufficient photographers or  
13                  reporters available, while English language stories  
14                  were covered.

15                  When live trucks are shared by NBC and  
16                  Telemundo, priority was always given to the NBC crew  
17                  to report the story in English first. During sweeps,  
18                  WSNS broadcasters were more limited than ever before  
19                  in the opportunity to do investigative specials.  
20                  Instead, Telemundo chose to use stories from other  
21                  markets, leaving WSNS reporters stories and ideas  
22                  unfulfilled.

23                  But I believe -- but believe it or not,  
24                  things actually got worse. In 2005 and 2006 Telemundo  
25                  eliminated local Spanish language news in five

**NEAL R. GROSS**

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

[www.nealrgross.com](http://www.nealrgross.com)